

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

**HEXAGON RESOURCES LIMITED**

ABN

**27 099 098 192**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                      |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                  | Unlisted Options                                                                                                                                                                                                                                                     |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                 | 3,000,000 unlisted options                                                                                                                                                                                                                                           |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Options issued in accordance with terms under shareholder approval obtained on 27 November 2015.<br><br>Options are exercisable at 8 cents each and expire on 31 December 2016.<br><br>Options are subject to vesting conditions as set out in the attached Schedule |

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<p>4 Do the <sup>+</sup>securities rank equally in all respects from the <sup>+</sup>issue date with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional <sup>+</sup>securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Shares issued on exercise of options will rank pari passu with existing ordinary fully paid shares on issue</p>
<p>5 Issue price or consideration</p>	<p>Nil</p>
<p>6 Purpose of the issue          (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issued following shareholder approval obtained at the Annual General Meeting held on 27 November 2015.</p>
<p>6a Is the entity an <sup>+</sup>eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the <sup>+</sup>securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>27 November 2015</p>
<p>6c Number of <sup>+</sup>securities issued without security holder approval under rule 7.1</p>	<p>Nil</p>
<p>6d Number of <sup>+</sup>securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

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6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil								
6f	Number of +securities issued under an exception in rule 7.2	Nil								
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	n/a								
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	n/a								
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Rule 7.1</td> <td style="text-align: right;">32,318,137</td> </tr> <tr> <td>Rule 7.1A</td> <td style="text-align: right;">21,545,425</td> </tr> <tr> <td colspan="2" style="border-top: 1px solid black;"></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">53,863,562</td> </tr> </table>	Rule 7.1	32,318,137	Rule 7.1A	21,545,425			Total	53,863,562
Rule 7.1	32,318,137									
Rule 7.1A	21,545,425									
Total	53,863,562									
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	2 December 2015								
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">215,454,247</td> <td style="text-align: center;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	+Class	215,454,247	Fully paid ordinary shares				
Number	+Class									
215,454,247	Fully paid ordinary shares									

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	Number	+Class
9 Number and +class of all +securities not quoted on ASX ( <i>including</i> the +securities in section 2 if applicable)	5,250,000	Options exercisable at 20 cents expiring 30 June 2016
	3,000,000	Options exercisable at 16.162 cents expiring 3 March 2018
	3,000,000	Options exercisable at 8 cents expiring 31 December 2016
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

**Part 2 - Pro rata issue**

11 Is security holder approval required?	N/A
12 Is the issue renounceable or non-renounceable?	
13 Ratio in which the +securities will be offered	
14 +Class of +securities to which the offer relates	
15 +Record date to determine entitlements	
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	
17 Policy for deciding entitlements in relation to fractions	
18 Names of countries in which the entity has security holders who will not be sent new offer documents  <small>Note: Security holders must be told how their entitlements are to be dealt with.            Cross reference: rule 7.7.</small>	
19 Closing date for receipt of acceptances or renunciations	

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20	Names of any underwriters	
21	Amount of any underwriting fee or commission	
22	Names of any brokers to the issue	
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

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- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 <sup>+</sup>Issue date

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

- 34 Type of <sup>+</sup>securities  
(tick one)
- (a)  <sup>+</sup>Securities described in Part 1
- (b)  All other <sup>+</sup>securities  
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

- 35  If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders
- 36  If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over
- 37  A copy of any trust deed for the additional <sup>+</sup>securities

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+ See chapter 19 for defined terms.

**Entities that have ticked box 34(b)**

38    Number of +securities for which +quotation is sought

39    +Class of +securities for which quotation is sought

40    Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41    Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42    Number and +class of all +securities quoted on ASX ( <i>including</i> the +securities in clause 38)		

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**Quotation agreement**

- 1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.
  
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  
  - There is no reason why those +securities should not be granted +quotation.
  
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
  
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
  
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:   
Company secretary

Date: 2 December 2015

Print name: Leni Pia Stanley

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# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

<b>Rule 7.1 – Issues exceeding 15% of capital</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<i>Insert</i> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	136,212,862
<p><b>Add</b> the following:</p> <ul style="list-style-type: none"> <li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <span style="float: right;">34,242,560</span></li> <li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <span style="float: right;">44,998,825</span></li> <li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period <span style="float: right;">Nil</span></li> </ul> <p><i>Note:</i></p> <ul style="list-style-type: none"> <li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	
<b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
<b>“A”</b>	215,454,247

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<b>Step 2: Calculate 15% of “A”</b>	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
<b>Multiply</b> “A” by 0.15	32,318,137
<b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>	
<p><i>Insert</i> number of <sup>+</sup>equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p>Note:</p> <ul style="list-style-type: none"> <li>• This applies to equity securities, unless specifically excluded – not just ordinary securities</li> <li>• Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</li> <li>• It may be useful to set out issues of securities on different dates as separate line items</li> </ul>	Nil
“C”	Nil
<b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>	
“A” x 0.15  <i>Note: number must be same as shown in Step 2</i>	32,318,137
<b>Subtract</b> “C”  <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> [“A” x 0.15] – “C”	32,318,137  <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

## Part 2

<b>Rule 7.1A – Additional placement capacity for eligible entities</b>	
<b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>	
<b>“A”</b>  <i>Note: number must be same as shown in Step 1 of Part 1</i>	215,454,247
<b>Step 2: Calculate 10% of “A”</b>	
<b>“D”</b>	0.10  <i>Note: this value cannot be changed</i>
<b>Multiply “A” by 0.10</b>	21,545,425
<b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>	
<b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A  <b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul>	Nil
<b>“E”</b>	Nil

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<b>Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A</b>	
<b>"A" x 0.10</b> <i>Note: number must be same as shown in Step 2</i>	21,545,425
<b>Subtract "E"</b> <i>Note: number must be same as shown in Step 3</i>	Nil
<b>Total</b> ["A" x 0.10] – "E"	21,545,425 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

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## Schedule 2 - Terms of Options to be issued pursuant to Resolutions 7, 8 and 9

<b>Number of Options</b>	Resolution 7: 500,000 Resolution 8: 500,000 Resolution 9: 2,000,000 TOTAL: 3,000,000
<b>Vesting Conditions</b>	Upon satisfaction of all the following vesting conditions: (a) The Company entering into one or more agreements for the provision of funding, sufficient in the opinion of the Company's Directors, to take the Company's McIntosh project into production; and (b) Execution of one or more binding Offtake Agreements under which the Company agrees to supply an aggregate minimum of 50,000 tonnes of Graphite ore of 90% (or an equivalent amount) per year, priced at market or better.
<b>Expiry Date</b>	The Options will expire, if not exercised or lapsed earlier, on 31 December 2016.
<b>Issue Price of Options</b>	The Options will be issued at no cost.
<b>Exercise Price (per Option)</b>	Once the vesting conditions are met, the Options will be exercisable at 8 cents.
<b>Lapse/forfeiture</b>	Options issued will lapse on the earliest of: <ul style="list-style-type: none"> <li>• The Expiry Date;</li> <li>• The director dealing in respect of the Options in contravention of the dealing or hedging restrictions;</li> <li>• The Board determining, acting reasonably, that the director has acted dishonestly, fraudulently or in material breach his material obligations to the Company; and</li> <li>• Within 90 days of the Director ceasing to hold any office in the Company.</li> </ul>
<b>Change of control</b>	On the occurrence of a Change of Control (as defined under the Corporations Act), the Board will determine, in its sole and absolute discretion, the manner in which unvested Options shall be dealt with.
<b>No dealing or hedging</b>	Dealing restrictions apply to Options in accordance with Company's securities trading policy.
<b>Rights attaching to shares</b>	Shares issued on exercise of Options will rank equally for dividends and other entitlements and rank equally with existing ordinary Shares on issue at the time of allotment.
<b>Company may issue or acquire shares</b>	For the avoidance of doubt the Company may, in its absolute discretion, either issue new shares or acquire shares already on issue, or a combination of both, to satisfy the Company's obligations.
<b>Loans</b>	No loan will be provided by the Company in relation to the grant or exercise of the Options.

<b>Adjustments</b>	Except as set out below, the Option Holder may only participate in any new issue of Equity Securities by the Company if the Options have been exercised and Shares have been issued and allotted before the record date for determining entitlements to the issue. However, if, prior to the allotment of Shares upon exercise of Options, the Company undertakes a <i>pro rata</i> bonus issue of Equity Securities to Shareholders for no consideration, the number of Shares over which an Option is exercisable will be increased by the number of Equity Securities which the Option Holder would have received if the Option had been exercised before the record date for the bonus issue. If, before the Options are exercised or expire, the Company reorganizes its capital, the Options will be reorganized in the manner required by the ASX Listing Rules.
<b>Not Transferable</b>	The Options are not transferable.
<b>Not Quoted</b>	The Options will not be listed on any Securities Exchange.